

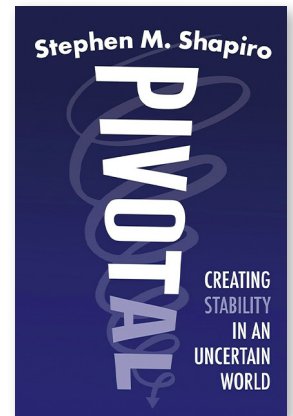


# Executive Book Summaries<sup>®</sup>

## Pivotal

Creating Stability in an Unstable World

by **Stephen Shapiro**



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### THE SUMMARY IN BRIEF

We all long for stability. This is so when change arises, we know how to react and know we have what is needed to make the best choice. This doesn't just apply to our personal lives but also to our work lives. In the world of business today, the question of "Should we build upon our successes or look towards a new innovation?" is constantly being asked. There are many horizons to explore, and the decision to explore them or not can either cause major successes or have devastating consequences.

With that in mind, what is the best thing to do? When innovation is what is often demanded, it would seem that forging ahead and creating new products, offers, and more will get you where you want to be. But what happens when pivoting to the new doesn't work and staying in what some might call a place of stagnation isn't the best option? In *Pivotal: Creating Stability in an Unstable World*, Stephen Shapiro argues that there is a third option: being pivotal. He shares that having a firm foundation is the key to being pivotal because this will allow you to make decisions that will create innovations while knowing that you are confidently rooted in who you are. That confidence will allow you to navigate the world of change without the distractions, fads, and upheaval that plague so many.

### IN THIS EXECUTIVE BOOK SUMMARY:

- Understand the importance of having a foundation.
- Learn the importance of being pivotal.
- See the impact being pivotal or not can affect your business.
- Learn to utilize your strengths to help propel you forward.

## Section One: Know Where to Go Deep.

Let's begin by exploring why it is important to have one foot solidly planted before you change directions to explore something new. Otherwise, this will quickly lead to burnout, inefficiencies, and poor results. We will also look at why it is important to look through the eyes of your customers and not only your own.

### How I Went Deep in My Business

During the pandemic, a fellow keynote speaker asked me, "What are you doing to pivot your business?" to which I said, "I'm not pivoting. I'm going deep." I asked myself, "What am I doing that creates the greatest value?" Instead of merely converting speeches to an online platform, I focused on digging deeper the planted foot. To be pivotal, you want to deepen relationships internally and externally, and create long-term value that makes you a strategic ally today and tomorrow. There are things you do better than anyone else that the world craves. What are they? How can you leverage them?

Going deeper doesn't necessarily mean adding products and services. Often, it means knowing what to stop doing to achieve clarity of focus. Steve Jobs went deep at Apple when he returned to the company in 1997. Instead of identifying more products to create, he simplified the line-up down to only four products: iMac, Power Mac, iBook, and PowerBook. Apple reduced the product line by 70 percent, simplifying operations, allowing it to focus on its core strengths. Of course, over time they added new products as the company grew and their resources were able to handle the added work.

Knowing what to stop doing and where to double down is key to going deep. It helps the planted foot get even deeper. Although pivoting and shifting may capture the imagination, innovation is about impact, making a difference. Constantly changing direction dissipates energies and impact. Killing off something is not the same as pivoting. Removing what is not working is so important and will show you where to drill.

Once you determine where to go deep, you can leverage this to prioritize your investments, helping you figure out where to place your bets. It will give you clarity in a way you've most likely never had before. One key to this is to determine your differentiator, why people choose to do business with you. This clarity gives your entire organization a clear sense of purpose, maximizing the impact of their efforts. When you master this process, you and your

organization will have the confidence needed to take your business in the right direction.

### Let's Get Pivotal

There is no universal part of any business that is most important. You need to determine what's most important to your business. In other words, innovate where you differentiate. Find and leverage your differentiator to go deep—a deeper connection to your roots and a deeper connection to your customers' needs. This is the area of your business that will yield the greatest returns. This is the planted foot and is key to how you become pivotal.

To determine what matters most to your organization, you must first determine what is most important to your customers. It's not about specific products or services but rather the capabilities that you possess create value for your customers.

When seeking stability, look no further than Radio Flyer. Their differentiator lies in their focus on high-quality products that evoke a sense of American nostalgia. It's a wholesome company with strong roots. Robert Pasin, the current CEO and grandson of the company's original founder, emphasized emotion over products when discussing their differentiator. They sell a feeling, not just a product. And that feeling is irreplaceable. No one else can replicate it. It is the ultimate differentiator.

However, identifying what's important isn't always simple, and to complicate matters, most organizations need to excel in multiple areas, and what is important today may not be as important tomorrow. Although your differentiation may not immediately be obvious, it is possible to get clarity on what matters most.

## Section Two: Innovate Where You Differentiate

It is important to note that your differentiator is not a department, function, or role. Every person in every department can and should contribute to your differentiator. It was an admirable goal when field agents at a major insurance company valued their ability to provide a single point of contact to their customers but it led to internal turf wars with the claims experts. However, when they began to see the value in each other's departments and how it benefited the customer, the two departments discovered how they could each be pivotal. They learned how to leverage their unique strengths to create the most efficient claims process.

If you try to be great at everything, you'll be great at nothing. Being pivotal means focusing your energy on the activities and opportunities that will have the greatest positive impact on your organization.

### The Three Levels of Capability

Your differentiator is not a department, function, or role. Every person in every department can and should contribute to your differentiator. What's equally important, your differentiator is not a product, service, or offering. It is a set of capabilities that helps you distinguish yourself in a crowded market and that will stand the test of time. There are three levels of capabilities: support, core, and differentiating. The goal is to innovate where you differentiate and to use different strategies for support and core.

Support capabilities are those that are necessary for running the business, yet they do not create direct customer value. Core activities are critical to your business but are not your source of competitive advantage. Support and core capabilities are critical because they form the foundation of your business differentiators. It is important that they operate at a high level of efficiency. However, it is not where you should focus your primary efforts. Instead, consider cost-effective strategies to ensure that these capabilities are operating optimally.

Differentiating capabilities are those that set you apart from your competition. They are the reason someone chooses to do business with you and not someone else. These are your most important capabilities and require the most attention. Ideally, you have only a few of these capabilities, as you can't be great at everything.

### The Innovation Targeting Matrix

What is differentiating for one organization might only be core for another. Each company will have a unique combination. That's what makes the process so difficult—and fun. There is not a cookie-cutter, one-size-fits-all strategy. Understanding your differentiator is important. This is a critical component of any company's business strategy. And it is equally important to know how those differentiators translate into your innovation strategy. This helps cascade priorities to every level of the organization. It helps to focus investments on the areas that will create the greatest re-

turns. And it enables you to determine which opportunities will most likely help move the needle for your organization.

When looking at your investments, ask, "Where am I investing my energies?" Most companies intuitively know that you don't want to invest heavily in developing custom solutions for support capabilities. But the waters get muddy when looking at core versus differentiating. You must look at how much you are investing on core versus differentiating. If you are like most organizations, you are spending only about 20 to 30 percent of your money, time, and energy on differentiating investments and 70 to 80 percent on core. How can you immediately double your impact in the most critical parts of the business? Use different strategies for your core, and then double down on your differentiating investments.

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## Section Three: The 5Ds of Differentiation

If you try to be great at everything, you'll be great at nothing. Being pivotal means focusing your energy on the activities and opportunities that will have the greatest positive impact on your organization. The planted foot. Your differentiator. Identifying differentiators requires time and guidance. It can be difficult to do on your own because you may be too close, which results in blind spots. However, there is a useful framework that will help you get started: the 5Ds of Differentiation. All good differentiators include each of these five attributes:

**Distinctive:** It sets you apart from the competition.

**Desirable:** People are willing to pay for it, and it creates internal value.

**Durable:** It's difficult for others to replicate.

**Dynamic:** It will remain relevant in a fast-changing world.

**Disseminated:** People inside and outside your organization know, understand, and align with your differentiator.

These Ds are organized into three different categories: today, tomorrow, and leverage and are designed to help you maximize your investments in the areas that are going to yield the greatest impact. Durable is related to Distinctive. Durable means that what you offer today will remain distinctive in the future. If it's something that someone else can copy or replicate, then it won't continue to be different. Dynamic links to Desirable. Will what you offer today be desirable tomorrow? Buyer behaviors shift over time, while technologies can disrupt incumbents. You need to adapt to meet future wants and needs of the consumer and buyer.

Mastering and implementing the 5Ds will help you create the greatest impact with the least amount of energy. As a result, you will be—and will remain—pivotal to your customers, employees, partners, and shareholders. You'll be able to firmly plant the stationary foot, providing a solid foundation on which to pivot the moving foot when necessary.

### Today

Distinctiveness lies in the customer's experience, not in internal jargon. It's not about you; it's what you can do for your customers. Bose is a great example of customer focus. I can speak from personal experience that when they say, "If you buy a Bose product, you will be a fan. If your Bose product fails for any reason and you work with our customer service team, you will be a fan for life," that is true. I bought their Sleepbuds. They've been a game changer for helping me sleep in noisy hotels. But after using them for well over a year, I was no longer able to recharge the device. Soon after my product died, Bose released their new version, Sleepbuds II. I contacted them to see if I could get the new model at a discount. Instead, they had me return the old (dead) product, and they shipped me the updated one at no cost. That is service. This example demonstrates that you can and should have more than one area where you are distinctive. Often it is at the intersection where the real power is found.

So how do you find what makes you distinctive? While many companies decide to hold internal conversations, it is important to keep in mind that without an outside perspective, it's difficult to see what truly makes us distinctive or special. External conversations, sometimes with an unbiased external facilitator, are necessary. Not only should you talk to your current customers, you should talk to previous customers as well. To determine what truly makes you distinctive, you must consider the entire spectrum of current, past, and potential customers. The goal is to identify ways to add more value by going deep into what makes you distinctive and desirable.

This means creating something that your target market will appreciate and be willing to pay for. If nobody wants to buy it, there's no market for what you're doing. Being of crucial importance to your customer is about being valuable, so in addition to being distinctive, you must be desirable. The only way to be pivotal is to be truly desired by your customers. Although your differentiator must be externally desirable, it must also be internally desirable. Desirability must also be good for you and your organization. Focusing on only external needs when the needs of your employees are ignored is a recipe for disaster.

### Tomorrow

Your differentiator needs to be durable. Although one definition of durable is "able to resist wear," it also implies enduring or long-lasting. It is the latter definition that I use here. Durable means that your distinctiveness stands the test of time by being non-copyable and non-duplicable.

You need to somehow protect your competitive position. Although it might be distinctive today, will it remain so tomorrow? You want a solidly planted foot that will stay there. Being durable sometimes means integrating in a way that makes it so the competition can't break in. If you can set up an ecosystem that your customers join, it makes them less likely to leave.

When you're deeply integrated into customers' lives, you become pivotal. Another way to be pivotal and distinctive in the long run is to build desirable and durable capabilities that create customer value. When your differentiator is durable, you become pivotal to your customers. No one can offer what you do the way you do. If you want to be pivotal, ensure you don't do the hard work for your competition. Create something that will be difficult for competitors to replicate.

However, there are times when it's crucial to recognize when to pivot. In essence, we must change direction to remain desirable in the future. As the world evolves, so must we. We need to be dynamic, adapting in ways that keep us desirable both today and in the future. Ideally, you first want to have a firmly planted foot before pivoting so that when you change direction, it is built on top of a stable source of differentiation.

To be dynamic, you must know when to shift to remain desirable—both externally and internally, because sometimes being pivotal means that sometimes you need to pivot. With this in mind, one aspect needs to be considered: future desirability. To stand the test of time, you need to make

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sure your differentiator is Dynamic. This means that your current offerings must remain desirable in the future. To clarify, when I use the word dynamic, I am not implying the dictionary definition of “constant change”; rather, I suggest being adaptable enough to change when circumstance dictates. To be pivotal, you must know when and how to pivot from a place of power. The goal of being dynamic is for you to remain desirable in the future.

### **Leverage**

Now it's time to disseminate your differentiator. This needs to happen both internally and externally—with employees, customers, and business partners. When you pull this together, you end up with a very powerful framework for prioritizing your investments, collaborating with customers and suppliers, and maximizing the impact of every employee.

Each employee contributes to your differentiator, and it's crucial they understand how—not just intellectually but with a profound emotional connection. Leveraging your differentiator internally is critical. Everyone needs to understand how they are pivotal to the success of your organization. Once everyone internally is playing the same music, it is time to bring it to the rest of the world and leverage it externally.

The most powerful way to be truly pivotal to your customers' business is to prioritize their investments so that they will find you even more valuable. When you handle the core or support aspects of your customers' business, you allow them to focus on what is most important; you look at how your differentiator can take those tasks off their plates.

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## **Section Four: Beyond the Organization**

If you want to be pivotal in your career, you must master the power of differentiation. If you want to create the greatest impact so you can stand out in a competitive workplace, learn where to plant your feet to get the most traction. You, the individual, need to learn, live, and breathe the concepts and apply them everywhere; then find ways of collaborating with others around their differentiators. One

person can make a meaningful difference, but the biggest impact is when others are speaking the same language and there is alignment in the thinking and approach.

### **It's About the Individual**

For your differentiator to be valuable to you as an individual, it also has to be valuable to others. This is the desirable aspect. It has to be something you love doing (internal desirability), and it must be something others need or want (external desirability). And in some cases, what makes you special needs to also be durable, dynamic, and disseminated.

### **Differentiation for Employees**

As an employee, you want to make distinctive contributions. This doesn't mean you have to be the best in one particular area. It is the combination of various attributes that you bring to the table. You must be clear on your differentiator and how it can create value for the organization. How can you best contribute to the organization's success? And how can you communicate that to others so that team members and leaders know how to best leverage your talents?

### **Differentiation for Entrepreneurs**

If you own your own business or work as a freelancer, you might be asking if these concepts apply to you, and if so how? Pretty much the same as for any organization. But getting clarity is even more important. By becoming crystal clear on your differentiator, concentrating your efforts there, and hiring others to handle the rest, you will unleash higher levels of productivity and bring sanity to your business.

### **Differentiation in Your Personal Life**

Who we are in life is a function of all our past experiences. They shape and influence us. And in some cases, they can limit our ability to see the world with fresh eyes. As you learn to apply these concepts will help you uncover and utilize your innate gifts. This will enable you to identify areas where you excel and feel energized—something that truly ignites your passion and sets you apart from others. These abilities are not typically the ones you learned to be good at, as those often drain you of your energy. Rather, they are

natural talents and strengths that you were born with.

To uncover your hidden differentiators, seek out new experiences. You will often find that the best ones aren't always on your to-do list. Therefore, introduce some flexibility into your life rather than planning every detail. Look deep inside yourself. Go beyond what you think you should be doing as a responsible adult and find what you really want to do with your life.

By blending internal desirability (something you love doing), external desirability (something the world values), and what makes you distinctive (your superpower), you will find that you can be a pivotal individual—in your personal life, not just your business.



**Stephen Shapiro** began his journey when he founded and led a 20,000-member process and innovation practice during his fifteen-year tenure at Accenture. After leaving the consulting firm, he authored seven books on innovation, including *Best Practices Are Stupid* and *Invisible Solutions*. He also developed *Personality Poker*, a powerful card game that helps create high-performing teams. He has presented his provocative ideas on innovation and collaboration to audiences in fifty countries and is a Senior Fellow with The Conference Board. In 2015, he was inducted into the Speaker Hall of Fame.

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